

MR. DUTTON: Colonel North and General Secord wanted me to meet with him. He was traveling up here with the ambassador, who was up for a week of meetings. Towards the end of the week, we were able to get time together, and they wanted me to sit down and talk to him about getting -- having him get back into the operation.

General Secord and Colonel North were very displeased with the problems we were having with Max and that -- the fact that Max had Colonel Steele's KL-43 and was basically the focal point of communications down there. We needed to get that changed, and so they asked that I sit down and talk to Colonel Steele and see if we couldn't -- if I could pass to them, or to him, their desires, if he wouldn't step back in and assist us.

MR. BALLEEN: Following Colonel North's and General Secord -- they both asked you to do this, sir?

MR. DUTTON: It's hard -- it's difficult to say if they both did. One or the other did.

MR. BALLEEN: Did you, in fact, have a meeting with Colonel Steele?

MR. DUTTON: Yes, I did.

MR. BALLEEN: Where was the meeting?

MR. DUTTON: It was in a hotel here in Washington.

MR. BALLEEN: And what was discussed at this meeting?

MR. DUTTON: Colonel Bob Earle from Colonel North's office attended as a representative of Colonel North's office. And we discussed the support that was required, the problems we'd been having in Central America with the resupply operation. Sort of gave him an update of the desperate situation of the southern front and the fact that we needed all the help that he could give us.

MR. BALLEEN: How did Colonel Steele respond?

MR. DUTTON: He was very -- he was receptive, and said that he would do everything he could to help us, that he understood the problems that we were having.

MR. BALLEEN: What role, if any, did Colonel Steele play in aiding your resupply operation?

MR. DUTTON: There were times when he would provide us information on weather and whatever intelligence that might be

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available. I sort of thought of him as a -- not an overseer or a babysitter, but if there were problems with our guys and the local authorities, he was there to step in and assist. If we had problems out at the airbase, he had an office out there and could be -- our people could go to him to get assistance from him. And on occasion, I think he would monitor the operation to see if there were anythings wrong with it and on occasions became a voice with some problems he had found.

MR. BALLEEN: Colonel Dutton, please turn at this time to exhibit 4 in your book.

MR. DUTTON: I have it.

MR. BALLEEN: Do you recognize this document?

MR. DUTTON: Yes I do, it's a KL-43 message.

MR. BALLEEN: And, let me ask this, it's in a different print than the other KL-43 messages you've previously identified. Why is that?

MR. DUTTON: We finally went high-tech. We got a printer for the KL-43 to where once I had a message loaded, all I had to do was get it onto the printer and I could get a copy.

MR. BALLEEN: And sir, what does this -- who is this message from and who is it to, and what is the date?

MR. DUTTON: The initial message was from Colonel Steele to me. It was on the 18th of August. Once I received it, I retransmitted it on to Colonel North's office, to Bob Earle.

MR. BALLEEN: What concerns does Colonel Steele express in this message?

MR. DUTTON: As I said, we were in a desperate situation. We had tried many, many ways to make successful drops to the South. We had determined flying at night, we just couldn't find the troops and they couldn't find us. So, we tried -- we said we would arrive -- we'd take-off 2 or 3 o'clock in the morning to arrive just at sun up so we would have sunlight, make the drop, get out, and come home. And we got down there to find out that in the rainy season you have about a 200 foot bank of fog in the morning and it was just a sea of white instead of a sea of green. So we changed the plan and said all right, we'll plan to leave in the afternoon and we'll hit it at last light and then come out in the dark. We tried that and found that the thunderstorms were built to 50,000 feet by that time of the afternoon. So we finally said, we just got to go in the daytime and hope we can catch it after the fog and before the thunderstorms build up.

MR. BALLEEN: Was someone in this -- it says in this message that, "It appears Joe through Ralph is requesting the drop."

MR. DUTTON: That would be standard. Joe, as I said was in contact -- radio contact with the Southern Commandantes.

MR. BALLEEN: Who is Joe?

MR. DUTTON: He is the Chief of Station CIA for the Central American country.

MR. BALLEEN: And what concerns, if any, did Colonel Steele express in this message about the drop that Joe was requesting?

MR. DUTTON: He was concerned that a daylight mission -- we were going to be exposed to a possible air-intercept or shoot down by a missile and thought that there ought to be more thought given to run it as a night mission. But we'd kind of learned our lesson on night missions. We had not been successful.

MR. BALLEEN: Now sir, directing your attention to the last line of the message, it says, "Discuss with Good and advise." What did you discuss with Good and did you receive any advice from him? -- Good being Colonel North.

MR. DUTTON: There's a couple of other things in the message, if I may. To show the type of oversight, Colonel Steele was concerned about the mission being flown. He was also concerned that Cooper had fired a couple of the people that were working for him down there. And I think, to understand the fact this was not a operation -- a U.S. government operation where you can sign secrecy agreements and send a guy to jail if he breaks it. When you fire somebody from a job like this, you're doing it, just hoping he's going to go home and keep his mouth shut. So, that was not something that was done lightly. And it was my opinion that if -- Cooper was the man in charge down there, and if he determined that he had to fire somebody, than he had the right to do that. And I went back and I informed Colonel Steele of that. But this was the kind of concerns that he had.

Right after that part of the message, then I pick up and I started talking to Colonel North's office. And as I said there were a number of options being proposed as to how the Agency would take over, when they would take over. We were looking at this time, of hopefully being out of there by the end of September at the latest. Bill Cooper, my manager was down there thinking that this -- he was working a 6 months to a year operation and so all of his planning factors were procuring things that would keep the operation going for a long period of time. Some heavy equipment type things that would help in the maintenance area.

And it was getting embarrassing, he'd ask and I'd say no, you can't have that. It was tough to just, to tell him why. I suggested that we get Cooper up here and tell him what the game plan was, how close we were to actually closing down so that he'd be on the same sheet of music with us and would understand how to conduct the operation for the last 30 to 45 days.

MR. BALLEEN: And did you advise that -- did you advise Colonel North of that fact?

MR. DUTTON: Yes I did.

MR. BALLEEN: And what did he say? To the best of your recollection.

MR. DUTTON: To the best of my recollection, he said that, "That was a good idea. That we did need to get Cooper in the loop."

MR. BALLEEN: Now sir, please turn to exhibit 5. (pause) And what is this document?

MR. DUTTON: It is a KY-43 (sic) message from me to Colonel North.

MR. BALLEEN: And sir, what concerns -- whose concerns are presented in this KL-43 message?

MR. DUTTON: These are ---

MR. BALLEEN: -- Let me ask a different question. There's a proposal talked about in this KL-43 message. What is the proposal?

MR. DUTTON: The proposal is a system wherein we find a drop-zone that is easily indentifiable by both ourselves, and the ground forces. That we program a drop there and work all the things as we had worked before. Hopefully that they would be there, they would talk to us on the radio. If in fact we found the drop-zone and we were certain of it, we would make the drop on that drop-zone, inform the ground forces that the load was there for them to pick up. Once they called back to Joe and said that, yes in fact they had found the load, we would know that they knew where that drop-

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zone was, and we could continue to drop without ever coordinating with them. All we had to do was go in, make the drop, call Joe and say, "There's another load on that drop zone, where do you want the next load?"

MR. BALLEEN: Why was this new system devised?

MR. DUTTON: Because we had -- since we were unable to make contact with the troops on the ground, they seemed to be having a very difficult time being able to tell exactly where they were. They would pass us coordinates, we'd fly over the coordinates, and they'd say we were ten miles to the south of them.

MR. BALLEEN: And these are the southern forces again?

MR. DUTTON: Yes, it was.

MR. BALLEEN: Now, did Colonel North approve this new method of air drops to the south?

MR. DUTTON: Yes, he did.

MR. BALLEEN: And what were you air dropping at that time?

MR. DUTTON: Munitions, uniforms, medicine. Joe would help us on what was -- what were the needs of the various commandantes. And once we got into the operation he would name pretty much what he wanted on any particular drop zone and we would shape the loads accordingly.

MR. BALLEEN: Now, Colonel -- Mr. Chairman, now would be an appropriate time to take a recess.

CHAIRMAN HAMILTON: The Committees will take a 10 minute recess.

(Committees recessed for 10 minutes.)

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CHAIRMAN HAMILTON: The committees will resume sitting. Mr. Ballen, you may continue.

MR. BALLEEN: Thank you very much, Mr. Chairman. When you were last testifying, Colonel Dutton, you were referring to your meeting with Steele, and the new system that you -- North had approved for air-dropping munitions to the contra forces in late August. Did this enable the number of air drops in Nicaragua, inside Nicaragua, to increase by your organization?

MR. DUTTON: Starting on about the -- well, just before I went down -- so, starting in the beginning of September, we were able to refine this particular method of delivery. And in September, we became very successful as far as flying resupplies to the southern force.

MR. BALLEEN: Did you, in fact, travel down in September?

MR. DUTTON: Yes. I went down on the 8th of September.

MR. BALLEEN: And, did anyone ask you to go?

MR. DUTTON: Colonel North and General Secord wanted me to go down there.

MR. BALLEEN: Now sir, let me direct your attention at this time to Exhibit 6, please. (Pause while looking for exhibit.)

MR. DUTTON: I have it.

MR. BALLEEN: And, is that another KL-43 message?

MR. DUTTON: That's a message -- yes.

MR. BALLEEN: And from -- is it from you to Colonel North, again?

MR. DUTTON: Yes, it's from me to Colonel North.

MR. BALLEEN: What's the date on the exhibit?

MR. DUTTON: The 9th of September.

MR. BALLEEN: Now, in that message, do you ask for any help Colonel North could give you for locating the contra troops in the south, for a drop? An air drop of weapons? It's about the middle of the message, sir.

MR. DUTTON: Yes. I said, "Any help from you would be appreciated, both for weather and for location of troops."

MR. BALLEEN: Did Colonel North provide you that assistance?

MR. DUTTON: He told me that the best weather information available was available right there, at our main operating location, through the local embassy. And, he said that he would -- he would talk to Joe about locating the troops.

MR. BALLEEN: Sir, how did this message come about, on the 9th of September? The difficulty in locating the troops, and other matters?

MR. DUTTON: Because of the problems that we had been having all the way along in contacting the troops, or just finding somebody to drop to, and the problems with the weather, I made the decision that I would fly a mission with our people, into Nicaragua, to attempt a delivery to the southern force. On the 9th of September I did that. We penetrated in-country, went directly over the place, the coordinates where the southern force troops were supposed to be. The weather was not good. It was about a 1500-foot ceiling, foggy, rainy. But we could see the ground well enough, and we began an expanding search.

We spent an hour inside the country, flying between 400 and 1500 feet, just trying to locate somebody. And if we could have located them, we would have dropped to them. We were unsuccessful after an hour of searching, and the weather was getting worse. So the decision was made to come back out. To me, two of the main problems that we ran into was, once again, we did not have good weather information; and we didn't know --

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we couldn't find the troops. And we had made a sustained effort to do that.

MR. BALLEEN: Now, sir, did you -- after you flew that mission inside Nicaragua personally, did you call Colonel North late that night, in addition to the --

MR. DUTTON: Yes, I did. I called him at home.

MR. BALLEEN: And why didn't you use the KL-43 to call him?

MR. DUTTON: As I recall, he didn't have it at home with him, it was in his office.

MR. BALLEEN: And why did you call Colonel North at home late that night?

MR. DUTTON: I wanted to discuss with him the -- what had happened in the attempt that day. And I knew that he and General Secord were both concerned with us because we were flying these lengthy missions burning fuel at a horrendous rate and not successfully delivering anything to anybody. And I wanted to explain to him that I was now getting a better understanding of the problems and that I thought we were going to be doing better in the near future.

MR. BALLEEN: What did Colonel North say to you during this phone conversation?

MR. DUTTON: After he listened to me describing it for a bit, he said, "You went on the mission, didn't you?" And I said, "Yes, I did." And he told me to never do that again, that I knew too many

of the people involved in too much of the operation, that that was the kind of exposure that we didn't need. And I agreed with that. But it was important that one time somebody who was making the kinds of decisions that I was being asked to make, go in and see it first hand.

MR. BALLEEN: Were you in danger by flying -- personal danger by flying inside Nicaragua on a mission?

MR. DUTTON: I didn't feel so bad once we were inside. Getting across the border was probably the testiest part of it.

MR. BALLEEN: Now, sir, after Colonel North instructed you not to fly into -- inside Nicaragua again, did you ever fly inside Nicaragua again?

MR. DUTTON: No, I did not.

MR. BALLEEN: Colonel Dutton, at this time I'd like you to turn to Exhibit 7, please. (Pause while exhibit is located.) Again,

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sir, is this a KL-43 message from you to Colonel North?

MR. DUTTON: Yes, it is. It's on the 11th of September; I was still down in Central America.

MR. BALLEEN: Now, directing your attention to what is numbered "3" in the message, three quarters of the way down: "If someone could contact CUP(?) I need maps. We will need these to work the two new DZs(?) in the south."

What was that request of Colonel North?

MR. DUTTON: Because of the style of the operation where we would pick a drop zone that was easily identifiable on a map, one that the southern force could also find easily, we needed larger scale maps so that we could do a better map study. Therefore, I requested that certain maps be procured up here and sent down to us

of the B25 twice, and Joe was coming with us with new commandantes that he wanted us to support and new drop zones that he wanted us to fly to and put loads on.

MR. BALLEEN: Colonel Dutton, were you at this time sending regular, almost daily reports on your missions to Colonel North? In the south?

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MR. DUTTON: Yes I was.

MR. BALLEEN: And why were you doing so?

MR. DUTTON: Well, as in, I think, any special operation, you report to your bosses how it's going, and we were finally at a point where we were being successful. And in these messages I'm merely informing the guys I'm working for that we're starting to make it, and we're making progress.

MR. BALLEEN: And sir, I'd like you turn to Exhibit B, if you will. And, I'll ask you again, is this a KL43 message from you to Colonel North also dated 11 September, 1986?

MR. DUTTON: Yes it is, it was later that day.

MR. BALLEEN: Sir, what does -- what does this message describe to Colonel North?

MR. DUTTON: It describes a very frustrating situation that we had come into?

MR. BALLEEN: Could you explain that, please, from the message?

MR. DUTTON: When I made my trip down to Central America on the eighth of September, I flew the second C123 down there, so we now had both aircraft in-country that we could operate with. We were making successful penetrations, and successful drops. I had talked with Mr. Cooper and Mr. McCraney, I had talked with Colonel North, and I talked with Colonel Steele. And we all agreed that, as in other special air operations, if it was possible, we ought to fly the aircraft as a two ship: two aircraft in formation.

MR. BALLEEN: And why was that?

MR. DUTTON: It provides a number of benefits. The first is in communication: If one aircraft should lose its radios, you have a second aircraft for the communication. For navigation: If one should lose all of his nav equipment, the second one has the nav equipment to pick up. On our two C123s, one of them had radar on it, the other had a long-range Loran(?) on it, as I recall. There was a mutual support that could be provided by flying both aircraft.

Additionally, when you're in a hostile area, flying a two ship, or flying in formation, allows the wingman and lead to protect each other from ground fire. In the fighter world it's normal. In air lift operations, such as this, it is a means of protecting each other. If you see a missile being fired, if you see that one of the aircraft is being taken -- engaged by ground fire -- you can call a break, tell him to break to the right, or to the south, and help protect him that way.

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MR. BALLEEN: No sir, did Colonel North approve this two aircraft concept?

MR. DUTTON: Yes he did, and General Secord.

MR. BALLEEN: And what happened -- who opposed it in Central America?

MR. DUTTON: Well, we went out all prepared to do the mission, I found out that General Bastio(?) had said, "I won't allow you to fly a two ship formation," or he told Mr. Cooper that. I went to his office and went through a lengthier discussion of the same benefits, advised him that my aircraft, and my manager -- with 25,000 hours of flying time -- and his deputy -- with 12,000 hours

10,000 hours of flying time -- and his deputy with 19,000 hours of flying time -- wanted to operate this way; that it was for mutual protection, and also you could assure success better. Besides the fact, instead of delivering 10,000 pounds at a time, you can deliver 20,000 pounds at a time.

MR. BALLEEN: Sir, did Felix Rodriguez also oppose this?

MR. DUTTON: Felix Rodriguez came into the meeting, and General Bastio said he thought -- he was afraid that we might be just be showing off, and was afraid that we might be shot down, instead of one aircraft being shot down by the hinds that two aircraft would be shot down by the hinds. And I said the hinds in this weather was not our concern. Felix said in this case he had to agree with the general, and at that point the general -- he said, "I will make a decision in a few minutes. You may go back out to your aircraft. And we got the call that said he would not allow us to fly as a two ship. And I think that was, eventually, a critical juncture.

MR. BALLEEN: Sir, I'd like you to turn to Exhibit 9 please.

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Was this the KL-40 message from you to Col. North, dated 13 September?

MR. DUTTON: Yes, it is.

MR. BALLEEN: Now, sir, I'd like to direct your attention to the bottom of the message, if I may. In the message, you advised -- what it is that you advised Col. North there, at the bottom of the message?

MR. DUTTON: I said that we have now delivered 55,000 pounds in two days. We were taking the next day off -- it was Independence Day in Central America. Ralph was coming down. We needed

North of this because we were now flying more missions and I was going to have to start pumping money back to Southern Air Transport. As they were providing us the cash to bring down for our fuel fund, we would have to back-fill from wire transfers into Southern Air Transport. I didn't want Col. North to get a surprise all of a sudden that I needed sixty or eighty-thousand dollars wire transfer to Southern Air Transport. I wanted to let him know we were burning fuel and spending money.

MR. BALLEEN: Col. Dutton, what was the role of the CIA in your September operations?

MR. DUTTON: I think in September -- I can't say that it was that much different than at any time. Joe was critical to us throughout the operation, and Joe remained involved with us throughout the operation. At other times, we would try to enlist Vince, who was chief of station in another neighboring country. And he was not helpful sometimes. In September, he was more helpful to us than he had been before. We got a little more assistance from them, as far as intelligence. But nothing of any great significance.

MR. BALLEEN: Let me ask you this question. Could your successful missions and air-drops to the southern front in September -- could those have been accomplished without Joe's assistance?

MR. DUTTON: No way.

MR. BALLEEN: Now, sir, what was the purpose of your increased air-drops in September?

MR. DUTTON: I think the first -- rather than a purpose, it was a result -- the fact that we had finally found a way that we could do it. We had the munitions to be delivered; we had the rigging that was required to make up the loads; and we had this desperate need. Once one commandante was supplied, the others realized, in fact, there was hope for them and they were coming up (voice?) with

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Joe and requesting help. And Joe would send us -- I think there is in some of the documents I gave you KL-43 messages where he says, "Go to Drop Zone One on Tuesday. The next day, hit Drop Zone Three. The next, go back to One." So he was setting up, actually, a schedule for us. And the need was great. We had found a way to do it. We had the number of aircraft we required. They were in a little better shape, maintenance-wise. And so we were going after it with a max effort.

Additionally, it would be unfair not to say that we knew that the CIA was about to take over the operation. We felt that it was important that the operation be depicted as successful, and that whatever we could do to make it not only be successful but appear successful so that when they came in -- you know, had give down

successful so that, when they came in -- you know, had guys down there that had jobs. I'd like to have seen them be able to keep those jobs. We had a lot of munitions that needed to be delivered. I didn't want to just see that dumped. So we were trying to look good.

MR. BALLEEN: Sir, how many drops had you made in September, approximately?

MR. DUTTON: Total, it's difficult to say. We were still supporting the FDN in the north with the C-7s. We flew a couple of missions in there in September, My guess, in the south was we flew ten to fifteen resupply missions, maybe a few more than that.

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ten to fifteen resupply missions, maybe a little -- a few more than that.

MR. BALLEEN: Now sir, what was the total weight of the munitions that you air dropped to the southern forces in September, as best you can estimate?

MR. DUTTON: It's kind of hard to estimate, but in a recap, I think we came up to somewhere around 180 to 185 thousand pounds had finally been delivered. We did get a message out of Joe for one of the commandantes that said, "Please don't deliver any more. They've got all they can carry." And believe me, after the long struggle we'd had, that was a welcome message.

MR. BALLEEN: Sir, you just mentioned in your testimony that one of the reasons was to show to the CIA your capabilities in regard to this operation. Did you have -- what was your understanding of Colonel North's conversations, if any, with Director Casey on this subject during September?

MR. DUTTON: I understood that the pace of those conversations picked up. They were coming down to a decision point. I was informed later that by the end of September -- (coughs) -- excuse me-- the CIA had agreed that in fact the operation that we had down there was a viable resupply operation, and they intended to take it over as the core of the program that they were going to set up once they had their money.

MR. BALLEEN: And these were as a result of conversations that Colonel North was having with CIA officials?

MR. DUTTON: That's correct.

MR. BALLEEN: Now in Exhibit Nine, if I can refer you back to that for a moment, directing your attention to about the middle of the Exhibit, it states, "Have photo-proof of load in center of drop zone." Is that correct?

MR. DUTTON: That's correct.

MR. DUTTON: And then further down in the message, "Positive ID of drop zone photo-proof." Is that correct, sir?

MR. DUTTON: Yes, I've got it. Yes.

MR. BALLEEN: Now who -- was someone taking photographs of the drop zones?

MR. DUTTON: Yes, the air crew.

MR. BALLEEN: And why were they taking photographs?

MR. DUTTON: To document what they were doing. There had been people that had said, you know, if they continue to be unsuccessful, you know, we're waiting for the day that they take with (?) these loads out and just throw them out in the ocean someplace and come back and say, "Well, we delivered them. They just can't find them." And that isn't the way this operation was going to operate. And they were going to prove that they were doing the job that they were sent down there to do. The drop zone was identifiable, and they took the picture before the load was on it and after the load was on it.

MR. BALLEEN: Did you ask them to take pictures?

MR. DUTTON: I believe I did, while I -- during that lengthy stay when I was down there in September.

MR. BALLEEN: Now when did you return from Central America in September?

MR. DUTTON: I believe it was the 20th of September.

MR. BALLEEN: And did you take any of those photographs with you?

MR. DUTTON: Yes. Just before I left, they'd gotten them all back, and they were sitting on the coffee table down there. I went through them and sorted out the ones that I thought gave the best evidence of the operation -- what it was and what we were doing and how we were doing it.

MR. BALLEEN: And what did you do with the photographs once you returned?

MR. DUTTON: I -- when I got back, I went into the office and got them sorted into an order and asked Shirley Napier if she would go get me a photo album, which she did. And I made some annotations on some of them, I had some annotations from some of the other crew members that described the drop zones. And I put together sort of a photographic document that said, "here's the operation. Here are the assets, here are the people, here's the kind of weather they're having to fly into, here's the loads actually on the drop zone." And then I had a section on the problems that we had run into, pictures of the aircraft stuck in the mud and that sort of thing.

MR. BALLEEN: And why did you prepare this photograph album?

MR. DUTTON: I thought it was very direct evidence of what was there. I thought it might be beneficial if Colonel North wanted to show it to the people he was working with to say, "Here's an -- here's the asset, and here's what it looks like," not just written messages.

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MR. BALLEEN: Sir, what did you do with the photograph album after you had prepared it?

MR. DUTTON: As I recall, I finished it either on a Friday or a Saturday morning. Colonel North and General Secord were out at our offices in Virginia. General Secord looked through it. He liked it. Colonel North came out of a meeting they were having, and this was the first time I'd seen him since I'd gotten back from the operation. He was very pleased with what had happened with the op. And I showed him the album. He liked it very much, and said he would like to take it and show it to his top boss.

MR. BALLEEN: Who did you understand Colonel North to be referring to when he said he'd like to take the photograph

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album to his top boss?

MR. DUTTON: I understood he was talking about the President.

MR. BALLEEN: And why did you understand that? How did you come to that understanding?

MR. BALLEEN: I'd never heard him use the term talking about anybody else that he had been working with as a top boss. He didn't refer to Admiral Poindexter that way. So it was just the way he said -- it was my impression.

MR. BALLEEN: Did he refer to Director Casey as the top boss?

MR. DUTTON: No sir, he did not.

MR. BALLEEN: How did he refer to Director Casey, to you?

MR. DUTTON: If he didn't say Mr. Casey he called him Bill.

MR. BALLEEN: Now sir, during this same period of time, just after you had returned from Central America and gave Colonel North the photograph album, did Colonel North say anything else to you?

MR. DUTTON: Colonel North was feeling very good about, as I said, about what we had done. And as I recall it was at that period of time that he said, "Bob, you're never going to get a medal for this, but some day the President will shake your hand and thank you for it."

MR. BALLEEN: And did you, in fact meet the President?

MR. DUTTON: No, I did not.

MR. BALLEEN: Now, you said that Colonel North was "pleased" at this period of time. What, if anything, did he ask you to do for him?

MR. DUTTON: We had not had an opportunity for anybody other than myself to go down and thank the guys that are actually doing the hard work. Colonel North asked me to set up a trip wherein he and I would go down to Central America and visit two of the countries to basically thank the people and applaud them for their efforts; to get with the aircrews and the maintenance people and let somebody higher up in the chain -- if you will -- than myself, sit down and thank them face-to-face for the hours and the agonies they'd gone through to get this job done.

MR. BALLEEN: Did you, in fact, arrange a trip for Colonel North to Central America?

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MR. DUTTON: We attempted it on two occasions. I would set them up, but because of the other things he was involved in, we had to cancel them.

MR. BALLEEN: Now did Colonel North ever tell you at that time what would occur should the special air resupply operation become exposed?

MR. DUTTON: He mentioned that if this thing ever got blown that he would end up taking the heat for the people he was running it for.

MR. BALLEEN: And do you recall when he told you that?

MR. DUTTON: It was probably right around or before or after the shoot down. I don't recall specifically, though.

MR. BALLEEN: At this time, with the Chairman's indulgence, I would like to ask FBI Special Agent Rodney C. Andrus, Jr. (?) to stand. Mr. Andrus is a special agent assigned to the Independent Counsel's Office. And the Independent Counsel's Office has recovered from Colonel North's office an exhibit which they have consented to bring here today to show Mr. Dutton at this time. And I would like to ask Mr. Andrus to please hand to Mr. Dutton this exhibit.

(FBI Agent Andrus stands and brings the photo album to Mr. Dutton.)

MR. BALLEEN: Now, Colonel Dutton, could you please take a look at exhibit -- this exhibit that's now before you. And I'd like to ask you looking at it if you recognize it?

MR. DUTTON: It's a little dirtier than when I gave it to Colonel North, but yes, I recognize it. This is the photo album.

MR. BALLEEN: And this is the photo album you prepared?

MR. DUTTON: That's correct.

MR. BALLEEN: Who's handwriting appears in that photograph album, sir? Looking through the pictures?

(Pause while Colonel Dutton confers with his counsel.)

MR. BALLEEN: Do you recognize your handwriting or not?

MR. DUTTON: One moment, please.

MR. BALLEEN: I'm sorry.

(Colonel Dutton continues to briefly confer with counsel.)

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MR. DUTTON: Back in the back section where I said we had problem areas, I had written, "Have we had problems?" as a question, and then I went through some of the things that showed the aircraft stuck and I made captions, and that's in my handwriting, yes.

MR. BALLEEN: The Committee's agreement with the Independent Counsel's Office is that this photograph album will not leave your position or remain beyond arm's reach of the FBI Special Agent. But if you could --

(Audience murmuring.)

MR. BALLEEN: Well, it's slightly beyond arm's reach!

(Laughter.)

MR. DUTTON: He's got long arms! (Laughter.)

MR. : He's a block away!

MR. BALLEEN: If he's got long arms, maybe he could grab it! Anyway, Colonel Dutton, if you could just perhaps hold it up, a couple of the photographs for the members of the Committee to see.

MR. DUTTON: If I hold it up --

MR. BALLEEN: All right --

MR. DUTTON: You see, it's very dirty, evidently the lab has been working with it.

MR. BALLEEN: Very good. All right. This is the photograph album that you handed to Colonel North?

MR. DUTTON: Yes, it is.

(There is a pause while someone hands Colonel Dutton a cloth and he begins wiping his hands.)

MR. DUTTON: (Off-mike and aside to the FBI agent who is apparently removing some photographs from the album.) You've got a dirty job.

MR. BALLEEN: Colonel Dutton, you testified at this time that Colonel was pleased at the way the operation was going. I take it you were, too?

MR. DUTTON: Yes, I was. The guys had worked long and hard and gone through a lot of ups and downs. And for them to get a taste of success was great as far as I was concerned.

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MR. BALLEEN: Sir, even though you were pleased, did you send any messages to a Mr. Cooper, your manager in Central America, about the safety of the operation?

MR..DUTTON: Yes, I did. Once I came back I think I sent one message says, "It looks like they've learned to do it without me." They continued making just about a drop a day. And each one of them was being recovered successfully. They were moving on very well.

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I got one message from Mr. Cooper that said, I believe it began, "Oh hum, just another day at the office." And that raised a red flag to me, and I sent him a message back that said: Don't get complacent about the past successes. And within that message I used the term "cuidado," which means "caution," or "be careful," and trying to warn him not to lose a sense of where they were flying and the dangers involved.

MR. BALLEEN: Colonel Dutton, on October 5, 1986, what occurred to one of your flights?

MR. DUTTON: One of the C123 flights was shot down over southern Nicaragua.

MR. BALLEEN: Did you notify Colonel North's office of that?

MR. DUTTON: Yes I did.

MR. BALLEEN: And when was that?

MR. DUTTON: That was as soon as I learned of it.

MR. BALLEEN: Sir, at this time I'd like you to turn to Exhibit 12.

MR. DUTTON: I have it.

MR. BALLEEN: Now is this also a KL-43 message from you to Colonel North's office?

MR. DUTTON: Yes it is.

MR. BALLEEN: And in it what do you describe?

MR. DUTTON: I begin by saying I'm sorry Max got into this; we don't need info or mis-info flowing from the top down. After the shoot down Max called directly to the Vice-President's office and advised him of the shoot down. And, unfortunately, when he passed the crew names, he passed the wrong names, which, for somebody who's been in the military and flown combat, one of the worst things that can happen is when you do lose somebody that the wrong family is informed that a loved one has been lost. And that one hit me hard, and so the first thing I said to him was, I'm sorry. And I believe this one's even been published in the press, that I went back to the folks down south and said: Don't pass any more information to Max, because he's just out of channel.

MR. BALLEEN: Now, sir, did you inform Colonel North's office in this message that Cooper, Sawyer and Hasenfus were on a mission?

MR. DUTTON: Yes, that's correct?

MR. BALLEEN: What mission were they on?

MR. DUTTON: They were on a re-supply drop -- or a supply drop. It was to a new drop zone that Joe, another commandante, had come up. And it was a little farther to the west than any of the drop zones that we had been in before.

MR. BALLEEN: What were they dropping in this mission?

MR. DUTTON: They were dropping munitions, and uniform, and, I believe, we had some of the Mountain Leprosy medicine on board also.

MR. BALLEEN: I'm sorry, go ahead, you said this was a little bit to the west, or ...?

MR. DUTTON: It was farther to the west, in southern Nicaragua. The threat areas were more on the western side. If we could penetrate either from central to eastern Nicaragua it was fairly safe, and we had known that there were threat areas over to the south of Lake Nicaragua. And, evidently, Mr. Cooper came across and made the penetration farther to the west than we had ever done before, and had, in fact, flown over a Sandinista position, and was reportedly shot down by an SA-7.

MR. BALLEEN: Sir did you -- the first message on October 6 is to Colonel North's office. Did you eventually speak to North directly about the fact that the plane was missing, initially?

MR. DUTTON: Yes I did. We were -- the first report, of course, was just an overdue aircraft; we didn't know what had happened to it. Colonel North was going to try to assist us in getting some military flights out to do a search, to see if we could find them. The local general in the country where we had our main operating base had offered to fly some of his aircraft out to see if he could help find the aircraft; he would not fly inside Nicaragua, but he would have flown along the border, along the water, to see if, possibly, they had ditched. So we were looking to launch a -- some sort of a search and rescue effort?

MR. BALLEEN: Did that ever take place?

MR. DUTTON: No, the report came in rather swiftly. I believe it came in first off of Cuban radio, and then was confirmed that the Sandinistas reported they had shot down -- the first report was a C47, but they had the location right, and our fears were that they just had the designation of the aircraft wrong, which is the way it turned out to be.

MR. BALLEEN: Now sir, what was discovered after this C123 was shot down. Was the plane identified with anyone in the United States?

MR. DUTTON: Yes, unfortunately, the crew was carrying a number of identification cards and the plane got identified with Southern Air Transport as being one of their aircraft. Mr. Cooper, as I

recall, had an ID pass that Southern Air had given him to assist him when he would come back up to the States for flying around the country.

MR. BALLEEN: Now sir, did you have an occasion to speak to the President of Southern Air Transport, Mr. Langton about ...?

MR. DUTTON: Yes, Mr. -- after the shoot down -- at that particular time our other C123, we had an engine problem developing, and we had brought it back up to Southern Air to get an engine change done on it. So it was sitting out in front of Southern Air when the news story broke that this, in fact, was a C123, and there was a picture published of what a C123 looks like. So our effort was it would be a good idea to get the C123 out from in front of Southern Air Transport. Plus, we needed to get John McCraney, the deputy commander down -- he was here in the States -- we needed to get him back down there to take charge of the operation. So I called to have he and one of the other pilots go over, pick up the airplane, and take it down there.

In the meantime the FAA and Customs had arrived at Southern Air Transport and had said that they would like to look at the records, the maintenance records and the financial records for Southern Air Transport, which seemed a little strange for those two groups, but that's what they were asking for.

Mr. Langton called me and he said he didn't have any trouble passing that information to them, however, if they got into the accounting records, as they got into the account they would come across other operations that Southern Air Transport had been supporting.

MR. BALLEEN: This is what Mr. Langton told you?

MR. DUTTON: Yes. And that maybe, that it would not be the desire of the people up here to have those operations exposed, and so, possibly, they should be made aware of that.

MR. BALLEEN: What did you do?

MR. DUTTON: I called Colonel North, and I passed to him what Mr. Langton had said, and he said: Call him back and tell him I will take care of it.

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So, I called Bill back, and --

MR. BALLEEN: Bill Langton?

COL. DUTTON: Langton. The next day he called me back again and said his sister --

MR. BALLEEN: Who called you, sir? The next day?

COL. DUTTON: Mr. Langton. (pause) And, said that FAA and Customs were back and that they were pressing for the information and again he had no trouble providing that to them. But, what did we want done? I told him I would get back to him, and I called Col. North, and he said that he had spoken to Mr. Meese and that it would be taken care of. And, I called Mr. Langton back and informed him of that, and, in fact, the FAA and Customs people did go away.

MR. BALLEEN: How do you know they went away?

COL. DUTTON: Mr. Langton told me they did. Well, let's put it this way: They didn't come back. They said they were coming back, I believe, either with a subpoena or coming back to look at it, and they didn't show up again.

MR. BALLEEN: Additionally, the FBI had launched an investigation down there, and Mr. Langton called me. Again, I advised Col. North, and he said he would take care of that.

MR. BALLEEN: What occurred, if you know, as a result of that second conversation?

COL. DUTTON: As I recall, that investigation was delayed, but I don't think it was called off. I think it was delayed for a period of time.

MR. BALLEEN: Sir, I'd like to briefly direct you to another topic. After May 1, 1986, were you involved in another special operation?

COL. DUTTON: Yes, I was.

MR. BALLEEN: What did it involve?

COL. DUTTON: I was assisting in the air transport of spare

MR. BALLEEN: Sir, I'd like to briefly direct you to another topic. After May 1, 1986, were you involved in another special operation?

COL. DUTTON: Yes, I was.

MR. BALLEEN: What did it involve?

COL. DUTTON: I was assisting in the air transport of spare parts and munitions from Israel to Iran.

MR. BALLEEN: And, sir, who directed this operation?

COL. DUTTON: Col. North and General Secord.

MR. BALLEEN: And, what, if anything, did Col. North tell you was his authority for this operation, as he had told you for the other Central American operation?

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COL. DUTTON: My indication was that he was working for the President again.

MR. BALLEEN: What did he say to you? What did Col. North say to you? Specifically.

COL. DUTTON: (Pause to consult with counsel) I don't recall him ever saying that he was in charge or was running it. It was a matter of indication, the fact that we were using so many agencies of the US government in this particular effort. I guess it was a supposition on my part.

MR. BALLEEN: Now, sir, you said General Secord was also involved in this operation. Did General Secord ever express to you any financial motive for his involvement in the Iranian operation?

COL. DUTTON: Not financial motive. It had occurred to me that it was rather strange I'd been hired by STTGI and they could allow me to spend 99 percent of my time on the southern operation and then continue to pay my salary. I discussed this with General Secord, and I was told that we were going to assist in the southern operation.

MR. BALLEEN: You mean in Central America?

COL. DUTTON: In Central America.

COL. DUTTON: The longterm or the strategic benefit of the operation with Iran was to be that business channels would be open because of the relations that were going to be made by Mr. Hakim and by Mr. Secord inside of Iran, and that when the time came that we could do business there, the benefit for STTGI was going to be those contacts would already be made. Therefore, they were willing to make the investment of my salary for whatever period of time until we could actually get the business and working with the Iranians.

MR. BALLEEN: Is this what General Secord told you?

COL. DUTTON: Yes.

MR. BALLEEN: Col. Dutton, directing your attention to the first week in August 1986, what was your involvement with delivering weapons to Iran?

COL. DUTTON: I flew to Geneva, Switzerland and met General Secord there. He picked up some amount of of cash. I don't know how much. I never saw it, but I understood he was traveling with cash. We met the air crew from Southern Air Transport in Geneva, flew in a Lear jet to Tel Aviv, and within a day conducted a flight from Tel Aviv into Iran and back delivering I-Hawk spare parts. I had the KL-43 with me, and General Secord showed me the net that he wanted set up, talking with the White House and -- this was as far as any information on that -- and we would have been also working

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with the Israelis to monitor the flight and make sure it went off safely.

MR. BALLEEN: And, who did you use -- did you use the KL-43 to communicate like you had in the Central American operation?

COL. DUTTON: Yes, we did.

MR. BALLEEN: And, who did you communicate to?

COL. DUTTON: The White House Situation Room, as I recalled. It may have been with Col. North's office, but on different occasions, depending on where Col. North's people were, we would either talk to his office or to the Central Situation Room.

MR. BALLEEN: Directing your attention to the end of October, 1986, did you have any involvement at that time with delivering weapons to Iran?

COL. DUTTON: Yes, I did.

MR. BALLEEN: What was it?

COL. DUTTON: General Secord sent me to Geneva with the KL-43. I picked up an amount of cash and then went into Tel Aviv. I met the Southern Air Transport crew there, and we flew a -- the next day we flew a TOW missile delivery into Iran, and a return.

MR. BALLEEN: I'm sorry. I didn't hear the last.

COL. DUTTON: And, a return. It was a roundtrip flight.

MR. BALLEEN: Now, sir, before returning to the United States on that journey, did you travel to Lebanon?

MR. VAN CLEVE: Referring now to the Boland Amendment, did you and General Secord discuss it's application to your operation?

MR. DUTTON: Very generally.

MR. VAN CLEVE: And can you tell us what was said on that subject, please?

MR. DUTTON: General Secord told me that the Boland Amendment did not apply, because we were dealing with a -- with private money, and that the Boland Amendment only applied to appropriated funds.

MR. VAN CLEVE: Did he inform you that the Boland Amendment did apply to any of the United States government employees with whom you dealt?

MR. DUTTON: No, we never discussed that.

MR. VAN CLEVE: I take it, however, that you were aware that there were restrictions on the ability of various United States government officials to assist your operation?

MR. DUTTON: That's correct.

MR. VAN CLEVE: Okay. Specifically, I believe you testified at your deposition that you understood that from the beginning, the Central Intelligence Agency was permitted to provide intelligence information to the FDN and through them, indirectly to your operation. Is that correct?

MR. : Could we have the page, please?

MR. VAN CLEVE: It's going to take me a minute --

MR. : Could we have the page?

MR. VAN CLEVE: -- to find the reference. I'll be happy to.

MR. : Please.

(Pause)

MR. VAN CLEVE: Page 47 of the deposition, and you're welcome to take a moment to study it if you need to.

MR. : Thank you very much.

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(11:27)
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(Whereupon, Dutton perused the deposition.)

MR. VAN CLEVE: You testified in your deposition that Gen. Secord had told you "from the begining," the CIA could provide intelligence data to the FDN. Is that correct?

MR. DUTTON: That's correct.

MR. VAN CLEVE: Am I correct that the phrase "from the beginning" means that this was true at least from the beginning of your involvement with the contra resupply operation in May 1986?

MR. DUTTON: I was referring to my beginning.

MR. VAN CLEVE: Okay. That was the reference. So your understanding from the beginning was that this could, in fact, legally be provided. Is that correct?

MR. DUTTON: That's correct.

MR. VAN CLEVE: Would it be fair to say that most of the assistance that you've described to the committee today in connection with your references to CIA officials in various Central American countries, that most of the information you've supplied to the committee, in fact, falls within the category of the transfer of intelligence information?

MR. DUTTON: I think that's a good way to describe it. Yes, sir.

MR. VAN CLEVE: Did you ever meet with the CIA or Department of Defense officials in Washington to discuss the Central American resupply operation?

MR. DUTTON: No, sir, I did not.

MR. VAN CLEVE: Can you tell the committee what other types of assistance, other than intelligence sharing, the contra resupply operation sought or received from the CIA? I might just preface that by saying that it's obvious that you also received communications support. But, again, I believe you probably were told that that was authorized.

COUNSEL: Mr. Chairman, there are two questions there. Could we take them one at a time?

MR. VAN CLEVE: Sure, be happy to. Would you like me to back up a little bit?

COUNSEL: Yes, give the first one, and then we'll take the second one.

MR. VAN CLEVE: Sure. You said in your testimony, Col. Dutton, that you received communications support, for example, from the CIA station chief in one of the Central American countries. That is, he passed messages back and forth between the FDN troops and the contra resupply operation -- served as a message center, in effect. Is that correct?

MR. DUTTON: With the southern force -- not necessarily the FDN force.

MR. VAN CLEVE: Correct -- with the southern forces.

MR. DUTTON: Yes.

MR. VAN CLEVE: So, having that in mind as an example of what I mean by communications support, I take it that you also understood that that was permitted activity?

MR. DUTTON: That was my understanding.

MR. VAN CLEVE: Okay. Now with that as background, what other types of assistance, other than intelligence-sharing or communications support, did the contra resupply operation seek or receive from the CIA?

MR. DUTTON: As far as what they would seek from the CIA, I wouldn't have direct knowledge of that. I would say the effort to assist in arranging air -- or, excuse me, the ground refueling in the southern country would have been another form of support that was sought and given.

MR. VAN CLEVE: Anything else specific that you can think of?

MR. DUTTON: There was a request made to the chief of station in a neighboring Central American country to assist in talking to the FDN to try to get them to be more cooperative with us as far as providing rigging gear and possibly doing some horse-trading on munitions. We needed AK-47 rifles. They needed the mortars that we had. So we would trade them -- our stuff for theirs.

As I said in my previous testimony, they were reluctant. They would say to us, "Oh, yes, that's fine and we're going to do that." And a week would go by and nothing would have happened. So we said -- asked if the CIA station chief could apply some pressure to get them to, in fact, respond.

MR. VAN CLEVE: And I believe you testified that the refueling exercise occurred twice, to your knowledge.

MR. DUTTON: That's correct -- once in June and once in July.

MR. VAN CLEVE: And who paid for the fuel? Did your operation pay for the fuel?

MR. DUTTON: I don't recall, sir.

MR. VAN CLEVE: Would you have records that would show us?

MR. DUTTON: I would have to check the records on that. I really -- I do not recall.

COUNSEL: Mr. Chairman, we'll be happy to check. We have copies of the same records we gave the committee. We'd be happy to check and report back to the committee on that.

CHAIRMAN HAMILTON: Thank you.

MR. VAN CLEVE: Can you think of any other specific examples of assistance provided by CIA personnel, other than the ones you previously testified to?

MR. DUTTON: I can't think of any right now.

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MR. VAN CLEVE: I'd like to turn now, if I might, to some questions that relate to the exhibit that's been marked RCD-14, that's your organization or reorganization plan, depending on how one looks at the state of things in a given time.

MR. DUTTON: Yes sir.

MR. VAN CLEVE: Let me, if I might, start these questions by asking you, if you know, what was the purpose of maintaining private company control of the project assets?

MR. DUTTON: I do not know.

MR. VAN CLEVE: You don't know?

MR. DUTTON: No.

MR. VAN CLEVE: I believe you testified earlier this morning, that if the assets were sold to the CIA, one of the options called for an asset sale to the CIA, that note 1 on exhibit 14 demonstrates that the proceeds would have been returned to a fund that would have been maintained for similiar special projects. --

MR. DUTTON: -- Excuse me, you were refering to the last page of exhibit 14?

MR. VAN CLEVE: The last page of exhibit 14, and the reference is to note 1.

MR. DUTTON: Thank you.

MR. VAN CLEVE: Do you know who would have controlled such a fund?

MR. DUTTON: I do not.

MR. VAN CLEVE: Did you make the decision to buy an additional airplane in the summer of 1986 for the contra resupply operation?

MR. DUTTON: General Secord and Colonel North gave me the authority to seek out an additional aircraft and it was based on cost, if we could find one that was good, -- which finding good C-123's nowadays is not easy. And find one that was at a reasonable cost, then I had the authority to go ahead and purchase it. Mr. Cooper, the head of the project and his deputy actually went out with one of our mechanics to Tucson and found what we needed. And with that, I didn't have to check back, all I did was report back that we had found what we were looking for, gave them the price, and I got an okay.

MR. VAN CLEVE: Colonel Dutton, I understand that they authorized you to proceed and gave you the authority to do the actual procurement, but they made the decision to buy a new

airplane. Is that correct?

MR. DUTTON: That's correct.

MR. VAN CLEVE: Okay. (pause) Was it your responsibility, as a general matter, to purchase or dispose of major assets of the resupply operation, or would that decision also have been made, either by General Secord or in conjunction -- either alone or in conjunction with Colonel North?

MR. DUTTON: If by major components -- if we can cut it off at the level of say, additional spare engines and that sort of thing. Now for spare engines, General Secord, Colonel North gave the okay, yes, go ahead and get a spare. For the normal spare parts, which were still costly in sum, we did not go to them for item by item.

MR. VAN CLEVE: I understand. Did General Secord discuss with you the details of his conversations with Colonel North, Director Casey, or other officials on the question of disposition of the project assets?

MR. DUTTON: No sir, he did not.

MR. VAN CLEVE: As of the fall of 1986, was it clear, in your own mind, whether General Secord intended to sell these assets to the CIA or give these assets to the CIA?

MR. DUTTON: By the fall, and this was after we had been successful, it was clear to me that the intent was that the CIA was going to be offered to come in and take over the assets as they were and continue the operation. So the answer to your question would be that the assets were to be given to the CIA, not sold to them.
(pause)

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MR. VAN CLEVE: I have no further questions, thank you, colonel.

MR. LIMAN: Colonel Dutton, were you granted a limited use immunity by our committee?

MR. DUTTON: No, sir, by a court.

MR. LIMAN: By the court at the request of our committee, correct?

MR. (?): That's correct.

MR. DUTTON: That's correct.

MR. LIMAN: That's correct. And you also have been granted such immunity by the independent counsel.

MR. DUTTON: That is correct, sir.

MR. LIMAN: Now, if you look at this reorganization plan, that's the plan that you prepared and that was approved by General Secord?

MR. DUTTON: That's correct.

MR. LIMAN: And it was edited and approved by Colonel North?

MR. DUTTON: That's my understanding.

MR. LIMAN: And if you look at the first paragraph, it says, "Due to recent changes in operational requirements and increased tasking, the benefactor company, herein after referred to as BC Washington, has taken more direct control of Project Democracy and its supporting elements." Correct?

MR. DUTTON: That's correct, sir.

MR. LIMAN: Now, "Project Democracy" referred to the operations in Central America. Is that so?

MR. DUTTON: I have no idea. That name was not put in there by me.

MR. LIMAN: Well, the project itself that you were writing about here was the Central American project.

MR. (?): Excuse me, in that context, yes that's correct.

MR. LIMAN: Who was BC Washington, benefactor company?

MR. DUTTON: Sir that was a name that was made up. There is an ongoing lawsuit that I believe has been brought up in previous testimony, by Aberguin(?) and Honey. Because of this lawsuit and the involvement of both Colonel North and General Secord in that, there was concern that Max Gomez was, in fact, feeding information to the people that were behind that lawsuit.

The purpose of this initial paragraph was to outline, specifically for Max, and it was presented down in Central America to him, that Colonel North and General Secord had withdrawn from the operation; they were no longer a part of it and this new company called BC Washington, which represented the donators, therefore, the benefactors, that they had come in to take over the operation.

If, in fact, Max passed that information on to the people he had been talking to before, it was felt by General Secord and Colonel North that that would relieve some of the pressure both on the operation and on themselves.

MR. LIMAN: What was the fact?

MR. DUTTON: The fact was that Colonel North and General Secord's relationship to the organization hadn't changed one bit.

MR. LIMAN: And that they were still directing the organization, correct?

MR. DUTTON: That's correct.

MR. LIMAN: And so this BC Washington was a facade that they developed in order to cloak their role, fair to say?

MR. DUTTON: That's fair.

MR. LIMAN: Now, if you look at the last page on the options that you've been talking about -- that's page 14 -- there were two options, correct?

MR. DUTTON: Yes sir.

MR. LIMAN: One was to sell the assets to the CIA and the other was to lease them to the CIA, is that so?

MR. DUTTON: The options that were drawn up as of the 21st of July were, yes, to either sell them, or to, in effect, lease, become a proprietary for the CIA, yes.

MR. LIMAN: Now, you've already testified that the options were presented to you by General Secord.

MR. DUTTON: That's correct.

MR. LIMAN: And when it said, "We prefer Option I," the "we" is General Secord who preferred Option I?

MR. DUTTON: That would be my understanding, yes.

MR. LIMAN: And Option I said, "We prefer Option I, with the proceeds from the sale going back into a fund for continued similar requirements." I read that correctly?

MR. DUTTON: That is correct.

MR. LIMAN: And am I correct that the continued similar requirements means continued similar covert operation, is that what you would have understood?

MR. DUTTON: I would have understood as special operations, but very close to the same, yes sir.

MR. LIMAN: Now, where were these other special operations to take place? In Latin America, Asia, Africa, where?

MR. DUTTON: Sir, I have no idea.

MR. LIMAN: Well, who was going to decide where you were going to conduct special operations for the United States?

MR. DUTTON: That I have no idea, sir.

MR. LIMAN: Is there now a distinction that you see between this operation that you've called a "special operation" and the other special operations that you have been involved in, in that those were run by the United States of America?

MR. DUTTON: Well, to me this one was being run by the United States of America.

MR. LIMAN: Were the

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others farmed out to a private company?

COL. DUTTON: Sir, there were private individuals involved in the other operations.

MR. LIMAN: Were they farmed out to the same extent that this one was?

COL. DUTTON: Private individuals were used in the other operations. They were used in this operation. The degree to which they were used in probably more in this case than they were in previous cases of my experiences.

MR. LIMAN: Now, you also testified a moment ago that after the memorandum was prepared, General Secord concluded that he wanted to give the assets to the CIA. Do you recall that?

COL. DUTTON: As I said, sir, this document was written on the 21st of July. The operation didn't even become viable until mid September, and when I said in the fall of '86 the discussion to give the assets to the CIA was another option that was being discussed --

MR. LIMAN: Do you reca --

COL. DUTTON: -- seriously.

MR. LIMAN: Do you recall giving testimony at your deposition at pages 55 and 56? You were being asked by Mr. Ballen then:

"Question: 'I am trying to determine whether it was the intention of your company to sell these assets to the CIA or not.'

"Answer: 'If the CIA wanted to purchase them, then the idea was to sell them. It was also discussed that it would be given to the CIA.'

"Question: 'So, you are unclear about that?'

"Answer: 'That is correct. That was General Secord's decision.'

"Question: 'And, you had never heard what General Secord's decision was on that matter, or did you ever hear what General Secord's decision was on that matter?'

"Answer: 'No, I think he was wainging to hear what the CIA wanted to do, and that he was basically willing to do whatever they wanted to do, but rightfully, it was his feelings that the assets belonged to a private company, and they should be reimbursed for them.'"

Was that testimony given by you?

COL. DUTTON: Yes, sir. I believe it goes on to say, "Did he ever talk about a profit?" and the answer to that was "no".

MR. LIMAN: Did he talk about getting reimbursement for them?

COL. DUTTON: Yes, he did.

MR. LIMAN: And, this was true testimony that it was his feeling that rightfully the assets belonged to a private company and they should be reimbursed for them?

COL. DUTTON: Yes, sir.

MR. LIMAN: Now, did you know at the time that these assets had been paid for out of donations to the contras from third countries and out of profits from the Iranian arms sales?

COL. DUTTON: You're combining two things. I had understood they were paid for out of donations.

MR. LIMAN: And when you said that General Secord believed that these assets belonged to a private company, this was a private company that had bought them out of donations? Is that what you understood?

COL. DUTTON: That was the understanding. Yes, sir.

MR. LIMAN: Now, you've also -- did you ever record in your memorandum here the option of just giving them to the contras?

COL. DUTTON: No, sir.

MR. LIMAN: Now,

COL. DUTTON: Nor did I enter the option of us just being moved out and had to sell them on the streets of Miami.

MR. LIMAN: Now, you also testified about your very strong views based on your long and distinguished career about unaccountable slush funds.

COL. DUTTON: Yes, sir.

MR. LIMAN: Am I correct that you sent Miss Napier, your secretary, to pick up the money in Florida to give it to Col. North?

COL. DUTTON: I believe my testimony said that I arranged for Mrs. Napier to make a trip down to Southern Air Transport to pick up a package. It wasn't until after she got back that I found out that it was money.

MR. LIMAN: And, you found out it was cash?

COL. DUTTON: That is correct.

MR. LIMAN: What kind of accountability was there for that cash that was being given to Col. North?

COL. DUTTON: Sir, that wasn't my operation, and I didn't think it would be my position to demand an accounting from Col. North on that subject.

MR. LIMAN: Did you raise with General Secord the fact that there was cash being delivered to the White House?

COL. DUTTON: No, sir.

MR. LIMAN: Did you ask him what kind of accountability there was for that cash?

COL. DUTTON: No, sir.

MR. LIMAN: Did you ask Col. North about accountability for that cash?

COL. DUTTON: No, sir, as I stated. It wasn't my position. It was their operation. All I had done is facilitate having Shirley go down and pick up what I understood what "a package".

MR. LIMAN: Now, one other issue on accountability. Do you recall getting end-user certificates for some blowpipe weapons?

COL. DUTTON: No, sir. I don't recall receiving those.

MR. LIMAN: Do you recall that your organization received them?

COL. DUTTON: I have seen where there were end-user certificates, but I was not familiar with them, and I had had basically nothing do with them.

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MR. LIMAN: Now those are very lethal weapons, blowpipes, am I correct?

MR. DUTTON: I understand they are. I've never seen one.

MR. LIMAN: Did you know that Felix Rodriguez had asked for those end user certificates back?

MR. DUTTON: I think there's a KL-43 message that states that he had asked for them back.

MR. LIMAN: Do you know that they weren't given back to him?

MR. DUTTON: No, sir, I didn't know that.

MR. LIMAN: Do you know where they are today?

MR. DUTTON: No, sir.

MR. LIMAN: Now --

MR. DUTTON: Mr. Liman, my business was not procurement of weapons. I was an air operations officer to get a very sick air operation working. So I didn't -- I wasn't concerned with the munitions.

MR. LIMAN: Now you said that you turned over the records that the Committees requested from your organization, am I correct?

MR. DUTTON: I turned over everything that I have.

MR. LIMAN: And there were many, many records; I think thousands of pages. Is that fair to say?

MR. DUTTON: Yes, sir.

MR. LIMAN: Is it also fair to say that you turned over all of the records that were not shredded in November or December?

MR. DUTTON: That's a rather interesting distinction. I turned over all the records that I had. That I had.

MR. LIMAN: Was there a shredding party at your organization in November and December?

MR. DUTTON: Excuse me, sir, we don't have shredding parties.

MR. LIMAN: Was there --

MR. DUTTON: There was some business done in the office. We had a great concern about the security of the office because we were being inundated by people that were very interested in what had

happened in Central America. They found out that STTGI was involved. It was General Secord's desire that we don't have any superfluous material left laying around the office. I had duplicate messages of KL-43 traffic that I destroyed -- I shredded. I didn't consider that a shredding party.

MR. LIMAN: Did you ask Miss Napier to shred?

MR. DUTTON: Did I ask Miss Napier? No I did not.

MR. LIMAN: Was she asked to shred papers?

MR. DUTTON: I understand she was, yes.

MR. LIMAN: Do you know what she was shredding?

MR. DUTTON: Telephone log.

MR. LIMAN: Did you see her shred other records?

MR. DUTTON: No, I did not.

MR. LIMAN: Is it your testimony that the only records that were shredded were duplicate records?

MR. DUTTON: My testimony is, of my records, the only things shredded were duplicate records.

MR. LIMAN: What about of everyone else's in that organization?

MR. DUTTON: The only other thing that I can testify to is the telephone log; and that I assisted her in shredding, okay, she was having trouble with it, basically.

MR. LIMAN: Can you tell us how you protect operational security if you shred a duplicate but keep an original?

MR. DUTTON: I wasn't trying to protect operational security necessarily. There wasn't a need for me to carry a huge bundle of excess messages around -- two and three copies of the same message. So I got rid of the ones that I didn't need. I kept the originals, and you have all of those.

MR. LIMAN: Well, were you carrying them around?

MR. DUTTON: They were in my desk. They were locked in my desk. But I didn't consider that secure enough. When we got to this point, I shredded the part -- the ones we did that were duplicates. I packaged the rest of them up in a bag, stapled them up, and put them down in my office.

MR. LIMAN: Who made the decision to have the shredding take place at the offices?

MR. DUTTON: For the telephone log I understand it was General Secord. For the -- for mine it was from -- it was my decision.

MR. LIMAN: And was it all done at around the same time?

MR. DUTTON: I don't believe so. My records -- I would say maybe within a month of each other, or a couple of weeks of each other. But it wasn't all done at the same time.

MR. LIMAN: Did you see them do the shredding?

MR. DUTTON: No, I did not.

MR. LIMAN: No further questions. Thank you, Mr. Chairman.

CHAIRMAN HAMILTON: The Committees will stand in recess until 2:00 p.m.

END OF MORNING SESSION

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